GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:371
ANSWERED ON:27.04.2007
EXTERNAL DEBT
Gaikwad Shri Eknath Mahadeo;Nikhil Kumar Shri

Will the Minister of FINANCE be pleased to state:

(a) whether the country's total external debt has increased at an alarming point upto March, 2007;

(b) if so, the details thereof and the reasons therefor;

(c) the percentage share of external debt between Corporate Sector and Government Sector;

(d) whether the external debt in terms of percentage of Gross Domestic Product (GDP) is more than 16%;

(e) if so, the reasons therefor and the details of the repercussions thereof;

(f) whether the Government has formulated any strategy to reduce the debt burden of the country; and

(g) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (g): A statement is placed on the Table of the House.

Lok Sabha Starred Question No.#371
Position No.11
For answer on April 27, 2007

Statement referred to in reply to Lok Sabha Starred Question No.371 by Shri Nikhil Kumar and Shri Eknath M. Gaikwad regarding "External Debt" for answer on April 27, 2007.

(a) & (b) No, Sir. As a proportion of GDP, India's total external debt, in fact has steadily declined from 21.1 per cent in 2001-02 to 15.8 per cent in 2005-06, the latest full year for which data is available.

(c) The share of Government debt in total external debt was 33.4 per cent, while Non- Government debt accounted for 66.6 per cent of total external debt at end-December 2006. Corporate debt, covered under Non-Government, and representing loans raised by Indian corporates under external commercial borrowings, export credit and short-term credits, was 36.4 per cent of total external debt at end-December 2006.

(d) No, Sir.

(e) Does not arise.

(f) & (g) Yes, Sir. Government has been following prudent external debt management policies by raising funds under Government borrowing on concessional terms and from less expensive sources with longer maturities, monitoring short-term debt, prepaying high cost loans, rationalising interest rates on Non-Resident Indian deposits, restricting end-use of External Commercial Borrowings and encouraging non-debt creating capital flows.